

## XS FINANCIAL INC.

### NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual general meeting (the “**Meeting**”) of the shareholders of XS Financial Inc. (the “**Company**”) will be held **virtually at <https://web.lumiagm.com/228515924>** on Monday, the 27th day of November 2023 at 10:00 am (Toronto time) for the following purposes:

1. to receive and consider the financial statements of the Corporation for the fiscal year ended December 31, 2022, together with the report of the auditors thereon;
2. to set the number of directors at five (5) individuals;
3. to elect directors;
4. to appoint auditors and to authorize the directors to fix their remuneration;
5. to transact such further or other business as may properly come before the Meeting or any adjournment or adjournments thereof.

This notice is accompanied by a form of proxy, the Circular, and a supplemental mailing list form.

**The Company is holding the Meeting as a completely virtual meeting, which will be conducted via live webcast, where all shareholders regardless of geographic location and equity ownership will have an equal opportunity to participate at the Meeting and engage with directors of the Company and management as well as other shareholders. Shareholders will not be able to attend the Meeting in person. Registered shareholders and duly appointed proxyholders will be able to attend, participate and vote at the Meeting online at <https://web.lumiagm.com/228515924>. Beneficial shareholders (being shareholders who hold their subordinate voting shares through a broker, investment dealer, bank, trust company, custodian, nominee or other intermediary) who have not duly appointed themselves as proxyholder will be able to attend as a guest and view the webcast but not be able to participate or vote at the Meeting.**

**As a shareholder of the Company, it is very important that you read the Circular and other Meeting materials carefully. They contain important information with respect to voting your subordinate voting shares and attending and participating at the Meeting.**

A shareholder who wishes to appoint a person other than the management nominees identified on the form of proxy or voting instruction form, to represent him, her or it at the Meeting may do so by inserting such person's name in the blank space provided in the form of proxy or voting instruction form and following the instructions for submitting such form of proxy or voting instruction form. This must be completed prior to registering such proxyholder, which is an additional step to be completed once you have submitted your form of proxy or voting instruction form. If you wish that a person other than the management nominees identified on the form of proxy or voting instruction form attend and participate at the Meeting as your proxy and vote your subordinate voting shares, including if you are a non-registered shareholder and wish to appoint yourself as proxyholder to attend, participate and vote at the Meeting, you **MUST** register such proxyholder after having submitted your form of proxy or voting instruction form identifying such proxyholder. Failure to register the proxyholder will result in the proxyholder not receiving a Username to participate in the Meeting. Without a Username, proxyholders will not be able to attend, participate or vote at the Meeting. To register a proxyholder, shareholders **MUST** send an email to [appointee@odysseytrust.com](mailto:appointee@odysseytrust.com) no later than November 23, 2023 at 10:00 am Toronto time and provide

Odyssey Trust Company ("Odyssey") with their proxyholder's contact information, amount of shares appointed, name in which the shares are registered if they are a registered shareholder, or name of broker where the shares are held if a beneficial shareholder, so that Odyssey may provide the proxyholder with a Username via email.

DATED at Toronto, Canada as of the 13<sup>th</sup> day of October, 2023.

**BY ORDER OF THE BOARD OF DIRECTORS**

*(Signed) David Kivitz*

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David Kivitz, Chief Executive Officer

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XS FINANCIAL INC.

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**Management Information Circular**

**SOLICITATION OF PROXIES**

This management information circular (the “**Information Circular**”) is furnished in connection with the solicitation by management of XS Financial Inc. (the “**Company**” or “**Issuer**”) of proxies to be used at the annual general meeting of shareholders of the Company (the “**Meeting**”) referred to in the accompanying Notice of Annual and Special Meeting of Shareholders (the “**Notice**”) to be held on November 27, 2023, at the time and place and for the purposes set forth in the Notice. **The solicitation is made by the management of the Company and will be made primarily by mail, but proxies may also be solicited personally or by telephone by regular employees of the Company at nominal cost. The cost of solicitation by management will be borne by the Company. The information contained herein is given as of October 13, 2023, unless indicated otherwise.**

**APPOINTMENT AND REVOCATION OF PROXIES**

The persons named in the enclosed form of proxy are directors and/or officers of the Company. **Each shareholder has the right to appoint a person or company, who need not be a shareholder of the Company, other than the persons named in the enclosed form of proxy, to represent such shareholder at the Meeting or any adjournment thereof. Such right may be exercised by inserting such person’s name in the blank space provided and striking out the names of management’s nominees in the enclosed form of proxy or by completing another proper form of proxy. All proxies must be executed by the shareholder or his or her attorney duly authorized in writing or, if the shareholder is a company, by an officer or attorney thereof duly authorized. The completed form of proxy must be deposited at the office of Odyssey Trust Company, Trader’s Bank Tower 702-67 Yonge St., Toronto, ON M5E 1J8 or voted online at <https://vote.odysseytrust.com> before 10:00 a.m. (Toronto time) on November 23, 2023.**

A shareholder who has given a proxy has the power to revoke it as to any matter on which a vote has not already been cast pursuant to the authority conferred by such proxy and may do so either:

1. not later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of holding the Meeting or adjournment thereof at which the proxy is to be used, by delivering another properly executed form of proxy bearing a later date and depositing it as aforesaid;
2. by depositing an instrument in writing revoking the proxy executed by him or her with Odyssey Trust Company (“Odyssey”) at its office denoted herein at any time up to and including 10:00 a.m. (Toronto time) on the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used; or
3. in any other manner permitted by law.

Shareholders who wish to appoint a third party proxyholder to attend, participate or vote at the Meeting as their proxy and vote their subordinate voting shares (“Shares”) **MUST** submit their proxy or voting instruction form (as applicable) appointing such third party proxyholder **AND** register the third party proxyholder, as described below. Registering your proxyholder is an additional step to be completed **AFTER** you have submitted your proxy or voting instruction form. **Failure to register the proxyholder will result in the proxyholder not receiving a Username to attend, participate or vote at the Meeting.**

• **Step 1: Submit your proxy or voting instruction form:** To appoint a third party proxyholder, insert such person's name in the blank space provided in the form of proxy or voting instruction form (if permitted) and follow the instructions for submitting such form of proxy or voting instruction form. This must be completed prior to registering such proxyholder, which is an additional step to be completed once you have submitted your form of proxy or voting instruction form. If you are a beneficial shareholder located in the United States, you must also provide Odyssey with a duly completed legal proxy if you wish to attend, participate or vote at the Meeting or, if permitted, appoint a third party as your proxyholder. See below under this section for additional details.

• **Step 2: Register your proxyholder:** To register a proxyholder, shareholders **MUST** send an email to [appointee@odysseytrust.com](mailto:appointee@odysseytrust.com) by 10:00 a.m. Toronto Time, on November 23, 2023 and provide Odyssey with the required proxyholder contact information, amount of shares appointed, name in which the shares are registered if they are a registered shareholder, or name of broker where the shares are held if a beneficial shareholder, so that Odyssey may provide the proxyholder with a Username via email. Without a Username, proxyholders will not be able to attend, participate or vote at the Meeting.

If you are a beneficial shareholder and wish to attend, participate or vote at the Meeting, you have to insert your own name in the space provided on the voting instruction form sent to you by your intermediary, follow all of the applicable instructions provided by your intermediary **AND** register yourself as your proxyholder, as described above. By doing so, you are instructing your intermediary to appoint you as proxyholder. It is important that you comply with the signature and return instructions provided by your intermediary. Please also see further instructions below under the heading "How do I attend and participate at the Meeting?".

### **EXERCISE OF DISCRETION BY PROXIES**

Shares represented by properly executed proxies in favour of the persons named in the enclosed form of proxy **will be voted or withheld from voting in accordance with the instructions of the securityholder on any ballot that may be called for** and, where the person whose proxy is solicited specifies a choice with respect to the matters identified in the proxy, **the Shares will be voted or withheld from voting in accordance with the specifications so made.** Where shareholders have properly executed proxies in

**favour of the persons named in the enclosed form of proxy and have not specified in the form of proxy the manner in which the named proxies are required to vote the Shares represented thereby, such Shares will be voted in favour of the passing of the matters set forth in the Notice.** The enclosed form of proxy confers discretionary authority with respect to amendments or variations to the matters identified in the Notice and with respect to other matters that may properly come before the Meeting. At the date hereof, management of the Company knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters which at present are not known to management of the Company should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.

### **Legal Proxy – US Beneficial Shareholders**

If you are a beneficial shareholder located in the United States and wish to attend, participate or vote at the Meeting or, if permitted, appoint a third party as your proxyholder, in addition to the steps described above and below under "How do I attend and participate at the Meeting?", you must obtain a valid legal proxy from your intermediary. Follow the instructions from your intermediary included with the legal proxy form sent to you, or contact your intermediary to request a legal proxy form or a legal proxy if you have not received one. After obtaining a valid legal proxy from your intermediary, you must then submit such legal proxy to Odyssey in accordance with the instructions above.

### **How do I attend and participate at the Meeting?**

The Company is holding the Meeting as a completely virtual meeting [**NTD: See comment above**], which will be conducted via live webcast. Shareholders will not be able to attend the Meeting in person. In order to attend, participate or vote at the Meeting (including for voting and asking questions at the Meeting), shareholders must have a valid Username.

Registered shareholders and duly appointed proxyholders will be able to attend, participate and vote at the Meeting online at <https://web.lumiagm.com/228515924>. Such persons may then enter the Meeting by clicking "I have a login" and entering a Username and Password before the start of the Meeting:

- Registered shareholders: The control number located on the form of proxy (or in the email notification you received) is the Username. The Password to the Meeting is "xs2023" (case sensitive). If as a registered shareholder you are using your control number to login to the Meeting and you have previously voted, you do not need to vote again when the polls open. By voting at the meeting, you will revoke your previous voting instructions received prior to voting cutoff.
- Duly appointed proxyholders: Odyssey will provide the proxyholder with a Username by e-mail after the voting deadline has passed. The Password to the Meeting is "xs2023" (case sensitive). Only registered shareholders and duly appointed proxyholders will be entitled to attend, participate and vote at the Meeting. Beneficial shareholders who have not duly appointed themselves as proxyholder will be able to attend the meeting as a guest but not be able to participate or vote at the Meeting. Shareholders who wish to appoint a third party proxyholder to represent them at the Meeting (including beneficial shareholders who wish to appoint themselves as proxyholder to attend, participate or vote at the Meeting) **MUST** submit their duly completed proxy or voting instruction form **AND** register the proxyholder. See "Appointment of a Third Party as Proxy".

## VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

Each holder of Shares of record at the close of business on October 13, 2023 (the “**record date**”) will be entitled to vote at the Meeting or at any adjournment thereof, either in person or by proxy. As of October 13, 2023, the Company had 77,728,044 issued and outstanding Shares and 26,156,997 Proportionate Voting Shares (presented on an “as converted” to Shares basis). Each Share carries the right to one vote per Share, and each Proportionate Voting Share carries the right to 1,000 votes per share. The outstanding Shares are listed on the Canadian Securities Exchange (the “**CSE**”) under the symbol “**XSF**”.

To the knowledge of the directors and executive officers of the Company as of October 13, 2023, no person beneficially owns, controls or directs, directly or indirectly, 10% or more of the outstanding Shares other than as set forth below:

Name and Municipality of Head Office	Type of Ownership	Approximate Number of Voting Shares Owned, Controlled or Directed	Percentage of Voting Shares as of October 16, 2023
Archytas Ventures LLC <sup>(1)</sup>	direct	22,443,384	21.6%

(1) Archytas Ventures LLC is a company controlled by David Kivitz (the Chief Executive Officer of the Company) and Antony Radbod (the Chief Operating Officer (“**COO**”) of the Company).

## NON-REGISTERED HOLDERS AND DELIVERY MATTERS

Only registered Shareholders, or the persons they appoint as their proxies, are permitted to vote at the Meeting.

These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary (“**Intermediary**”) holding on your behalf.

If you have received the Company’s form of proxy, you may return it to Odyssey as directed above.

Objecting Beneficial Owners (“**OBOs**”) and other beneficial holders receive a Voting Instruction Form (“**VIF**”) from an Intermediary by way of instruction of their financial institution. Detailed instructions of how to submit your vote will be on the VIF.

**In either case, the purpose of this procedure is to permit non-registered holders to direct the voting of the Shares they beneficially own. Should a non-registered holder who receives either form of proxy wish to vote at the Meeting in person, the non-registered holder should strike out the persons named in the form of proxy and insert the non-registered holder’s name in the blank space provided.** Non-registered holders should carefully follow the instructions of their Intermediary including those regarding when and where the form of proxy or VIF is to be delivered.

The Company is not using the “notice-and-access” provisions of National Instrument 54-101 (“**NI 54-101**”) in connection with the delivery of the meeting materials in respect of the Meeting. The Company is not sending such meeting materials directly to “non-objecting beneficial owners” in accordance with NI 54-101, and intends to pay for intermediaries to deliver such meeting materials to “objecting beneficial owners” as defined in NI 54-101.

## COMPENSATION OF EXECUTIVE OFFICERS

The following table provides a summary of compensation for services rendered in all capacities to the Company for the fiscal years ended December 31, 2022 and 2021 in respect of the individuals who served as (i) the Chief Executive Officer, Chief Financial Officer and COO of the Company during the fiscal year ended December 31, 2022 (the “**Named Executive Officers**”); and (ii) the directors of the Company for the fiscal year ended December 31, 2022. See also “Stock Options and Other Compensation Securities” below.

**Table of Compensation Excluding Compensation Securities**

Name and Position	Fiscal Year Ended December 31	Salary, Consulting Fee, Retainer or Commission	Bonus	Committee or Meeting Fees	Value of Perquisites	Value of All Other Compensation	Total Compensation
David Kivitz, CEO <sup>(1)</sup>	2021	\$125,000	\$125,000	N/A	N/A	N/A	\$250,000
	2022	\$250,000	\$166,667	N/A	N/A	N/A	\$416,667
Nelson Lamb, CFO <sup>(2)</sup>	2021	Cdn \$63,000	Cdn \$33,355	N/A	N/A	N/A	Cdn \$96,355
	2022	Cdn \$72,000	Cdn \$26,542	N/A	N/A	N/A	Cdn \$98,542
Stephen Christoffersen, CFO <sup>(2)</sup>	2021	\$18,750	N/A	N/A	N/A	N/A	\$18,750
	2022	\$60,000	\$13,333	N/A	N/A	N/A	\$73,333
Antony Radbod, COO <sup>(1)</sup>	2021	\$125,000	\$125,000	N/A	N/A	N/A	\$250,000
	2022	\$250,000	\$166,667	N/A	N/A	N/A	\$416,667

(1) Messrs. Kivitz and Radbod are compensated through a master services agreement between the Company and Archytas Ventures, LLC. See “Termination of Employment, Change in Responsibilities and Employment Contracts” below.

(2) Mr. Christoffersen replaced Mr. Lamb as Chief Financial Officer on August 17, 2022.

## Stock Options and Other Compensation Securities

Set forth in the table below is a summary of all compensation securities granted or issued to each Named Executive Officer and director of the Company during the fiscal year ended December 31, 2022.

Compensation Securities							
Name and Position	Type of Compensation Security	Number of Compensation Securities,	Date of Issue or Grant	Issue, Conversion or Exercise Price (CAD)	Closing Price of Security or Underlying Security on Date of Grant	Closing Price of Security or Underlying Security at Year End	Expiry Date
David Kivitz	Stock Options	3,686,263	Jan 28, 2022	0.18	0.17	0.065	Jan 28, 2027
Antony Radbod	Stock Options	3,686,263	Jan 28, 2022	0.18	0.17	0.065	Jan 28, 2027
Gary Herman	Stock Options	737,253	Jan 28, 2022	0.18	0.17	0.065	Jan 28, 2027
Stephen Christoffersen	Stock Options	737,253	Jan 28, 2022	0.18	0.17	0.065	Jan 28, 2027
Nelson Lamb	Stock Options	491,502	Jan 28, 2022	0.18	0.17	0.065	Jan 28, 2027
Andrew Mitchell	Stock Options	737,253	Jan 28, 2022	0.18	0.17	0.065	Jan 28, 2027

### Exercise of Compensation Securities by Directors and Named Executive Officers

No compensation securities were exercised by any Named Executive Officers or directors of the Company during the fiscal year ended December 31, 2022.

### COMPENSATION DISCUSSION AND ANALYSIS

The Issuer's approach to executive compensation has been to provide suitable compensation for executives that is internally equitable, externally competitive and reflects individual achievement. The Issuer attempts to maintain compensation arrangements that will attract and retain highly qualified individuals who are able and capable of carrying out the objectives of the Issuer. The Issuer's compensation arrangements for the Named Executive Officers may, in addition to salary, include compensation in the form of bonuses and, over a longer term, benefits arising from the grant of stock options. Given the stage of development of the Issuer, compensation of the Named Executive Officers currently emphasizes base salaries and bonuses, with a reduced reliance on option awards. This policy may be re-evaluated in the future depending upon the future development of the Issuer and other factors which may be considered relevant by the board of directors from time to time.

In respect of the financial year ended December 31, 2022: (i) a salary of \$416,667 USD was paid in respect of the services of the Chief Executive Officer of the Issuer; (ii) a salary of \$63,000 CAD was paid in respect of the services of the Chief Financial Officer of the Issuer, \$77,333 CAD was paid in respect of the services of the former Chief Financial Officer of the Issuer; and (iii) a salary of \$416,667 USD was paid in respect of the services of the Chief Operating Officer of the Issuer. The Issuer has established a Compensation Committee which establishes and reviews the Issuer's overall compensation philosophy and its general compensation policies with respect to executive officers, including the corporate goals and objectives and the annual performance objectives relevant to such officers. The Compensation Committee evaluates each officer's performance in light these goals and objectives and, based on its evaluation, determines and approves the salary, bonus, options and other benefits for such officers. In determining compensation matters, the Compensation Committee and the board of directors may consider a number of factors, including the Issuer's performance, the value of similar incentive awards to officers performing similar functions at comparable companies, the awards given in past years and other factors it considers relevant.



The current overall objective of the Issuer's compensation strategy is to reward management for their efforts, while seeking to conserve cash given current market conditions.

With respect to any bonuses or incentive plan grants which may be awarded to executive officers in the future, the Issuer has not currently set any objective criteria and will instead rely upon any recommendations and discussion at the Compensation Committee level with respect to the above-noted considerations and any other matters which the Compensation Committee and Board may consider relevant on a going-forward basis, including the cash position of the Issuer. See also "Employment, Termination and Change of Control Benefits" below. Any existing options held by the Named Executive Officers at the time of subsequent option grants are taken into consideration in determining the quantum or terms of any such subsequent option grants. Options have been granted to directors, management, employees and certain service providers as long-term incentives to align the individual's interests with those of the Issuer. The size of the option awards is in proportion to the deemed ability of the individual to make an impact on the Issuer's success.

### **TERMINATION OF EMPLOYMENT, CHANGE IN RESPONSIBILITIES AND EMPLOYMENT CONTRACTS**

David Kivitz, the Chief Executive Officer, and Antony Radbod, the Chief Operating Officer, previously rendered their services to the Issuer through a second amended and restated master services agreement dated July 1, 2020 between the Issuer and Archytas (the "**Amended MSA**"). On July 1, 2021, the Amended MSA was terminated upon mutual agreement between the Company and Messrs. Kivitz and Radbod, and they individually entered into separate executive employment agreements with the Issuer to render their services. Further details of the executive employment agreement are set out below.

Nelson Lamb (Chief Financial Officer and Corporate Secretary of XSF) renders his services to the Issuer under a consulting agreement. Further details of such agreement is set out below.

#### *David Kivitz Agreement*

The Executive Employment Agreement between the Issuer and Mr. Kivitz ( the "**CEO Employment Agreement**"), requires the Issuer to compensate Mr. Kivitz for his services as Chief Executive Officer. Per the terms of the agreement, Mr. Kivitz is to receive a base salary of US\$250,000 to be adjusted from time to time based on performance or other factors in the Issuer's discretion. In addition, the agreement allows Mr. Kivitz to participate in the Issuer's benefit plans and programs including but not limited to group insurance, pension, retirement, vacation, expense reimbursement or other plans, programs or benefits the Issuer offers to employees. Mr. Kivitz is also eligible to receive short term incentive bonuses approved by the Compensation Committee and based on key performance indicators as set forth by the Compensation Committee. Mr. Kivitz is eligible to receive long term incentives in the form of stock options approved by the Compensation Committee.

In the event that Mr. Kivitz performs services which result in the acquisition or merger of another entity or a transaction that results in a change of control, Mr. Kivitz may be eligible for additional bonuses as approved by the Compensation Committee in its sole discretion.

If Mr. Kivitz's employment is terminated for good reason or by us without cause, Mr. Kivitz may be eligible for severance pay equal to 24 months of cash compensation, including base salary, short-term incentives and long-term incentive and any other bonuses or forms of compensation approved by the Compensation Committee, all in accordance with the terms of the CEO Employment Agreement.

#### *Antony Radbod Agreement*

The Executive Employment Agreement between the Issuer and Mr. Radbod (the “**COO Employment Agreement**”), requires the Issuer to compensate Mr. Radbod for his services as Chief Operating Officer. Per the terms of the agreement, Mr. Radbod is to receive a base salary of US\$250,000 to be adjusted from time to time based on performance or other factors in the Issuer’s discretion. In addition, the agreement allows Mr. Radbod to participate in the Issuer’s benefit plans and programs including but not limited to group insurance, pension, retirement, vacation, expense reimbursement or other plans, programs or benefits the Issuer offers to employees. Mr. Radbod is also eligible to receive short term incentive bonuses approved by the Compensation Committee and based on key performance indicators as set forth by the Compensation Committee. Mr. Radbod is eligible to receive long term incentives in the form of stock options approved by the Compensation Committee.

In the event that Mr. Radbod performs services which result in the acquisition or merger of another entity or a transaction that results in a change of control, Mr. Radbod may be eligible for additional bonuses as approved by the Compensation Committee in its sole discretion.

If Mr. Radbod’s employment is terminated for good reason or by us without cause, Mr. Radbod may be eligible for severance pay equal to 24 months of cash compensation, including base salary, short-term incentives and long-term incentive and any other bonuses or forms of compensation approved by the Compensation Committee, all in accordance with the terms of the COO Employment Agreement.

#### *Nelson Lamb Agreement*

Mr. Lamb renders his services to the Issuer through a consulting agreement between the Issuer and 1304331 B.C. Ltd dated and effective June 1, 2021. In consideration for the services provided and per the terms of the consulting agreement, the Issuer has agreed to pay fees of CAD \$9,000 per month for the services of Mr. Lamb.

Mr. Lambs services ended August 2022.

#### *Stephen Christofferson Agreement*

Mr. Christofferson renders his services to the Issuer through a consulting agreement between the Issuer dated and effective June 1, 2022. In consideration for the services provided and per the terms of the consulting agreement, the Issuer has agreed to pay fees of \$10,000 per month for the services of Mr. Christofferson.

## **COMPENSATION OF DIRECTORS**

Directors of the Issuer that are not also executive officers of the Issuer are not currently paid any fee in respect of the attendance at directors’ and shareholder’s meetings. Directors are eligible to participate in the Plan. Directors may also be compensated for services provided to the Issuer as consultants or experts on the same basis and at the same rate as would be payable if such services were provided by a third party, arm’s length service provider. During the year ended December 31, 2022, a total of \$40,000 of such services were provided to the Issuer by its directors other than Named Executive Officers during fiscal 2022. As of December 31, 2022, the Issuer had an aggregate of 33,149,083 outstanding options, of which 19,000,198 were issued to directors.

## AUDIT COMMITTEE

Multilateral Instrument 52-110 - *Audit Committees* (“MI 52-110”) requires the Company to disclose annually in its management information circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth below.

### **Audit Committee Charter**

The Company’s audit committee is governed by an audit committee charter, the text of which is attached as Schedule “A” to this Information Circular.

### **Composition of the Audit Committee**

The Company’s audit committee is comprised of Messrs. Gary Herman, Stephen Christoffersen and Andrew Mitchell. Messrs. Herman, Christoffersen and Mitchell are considered to be “independent”, as defined in NI 52-110. Each member of the audit committee is also considered to be “financially literate” which includes the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues of the Company.

### **Relevant Education and Experience**

#### **Gary Herman (Chair)**

Mr. Herman has been a director of XSF since May 2019. Since 2005, Mr. Herman has managed Strategic Turnaround Equity Partners, LP (Cayman) and its affiliates. From January 2011 to August 2013, he was a managing member of Abacoa Capital Management, LLC, which managed, Abacoa Capital Master Fund, Ltd. focused on a Global-Macro investment strategy. Since 2005, Mr. Herman has been a registered representative with Arcadia Securities LLC, a FINRA-registered broker-dealer based in New York. From 1997 to 2002, he was an investment banker with Burnham Securities, Inc. From 1993 to 1997, he was a managing partner of Kingshill Group, Inc., a merchant banking and financial firm. Mr. Herman has many years of investment experience as well as serving on the boards of public and private companies. Mr. Herman has a B.S. from the University at Albany with a major in Political Science and minors in Business and Music.

#### **Stephen Christoffersen**

Mr. Christoffersen has 15 years of global capital markets and executive management experience. From 2018 to 2021, Mr. Christoffersen worked for KushCo Holdings Inc where led a business turnaround that led to an acquisition by Greenlane Holdings. Additionally, Mr. Christoffersen is the Chief Executive Officer and a Board Director at Western Acquisition Ventures. During his time as CEO of Western Acquisition Ventures, he was part of raising USD \$115 million for the Special Purpose Acquisition Company through both a PIPE investment and NASDAQ IPO. Prior to joining KushCo, Mr. Christoffersen served as Vice President of Investment Strategy for Comerica Asset Management Inc., where he managed \$500 million and oversaw asset allocation and investments. Mr. Christoffersen received his Chartered Financial Analyst designation in 2015 and holds a Bachelor of Science degree in Finance from the University of Nevada, Las Vegas.

#### **Andrew Mitchell**

Mr. Mitchell is a Research Analyst at Marblegate Asset Management. Prior to joining Marblegate, Mr. Mitchell was an Analyst in the Restructuring & Recapitalization Group at Raymond James Financial, where he advised on in and out of court restructuring transactions, complex corporate carve-outs and other special

situation transactions. Mr. Mitchell graduated from the University of North Carolina at Chapel Hill with a B.A. in History, and Peace War & Defense.

### **Pre-Approval Policies and Procedures**

The audit committee shall pre-approve all audit and non-audit services not prohibited by law to be provided by the independent auditors of the Company.

### **Audit Fees**

The aggregate fees billed by the Issuer's external auditors for the fiscal years ended December 31, 2021 and December 31, 2022, for audit and non-audit related services, are as follows:

<b>Financial Year</b>	<b>Audit fees</b>	<b>Audit-Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees</b>
Fiscal year ended December 31, 2022	US\$137,500	US\$7,175	US\$2,737	Nil
Fiscal year ended December 31, 2021	C\$115,000	Nil	C\$12,000	Nil

### **Exemption**

As a venture issuer within the meaning of MI 52 -110, the Issuer is relying upon the exemption provided by section 6.1 of MI 52-110, which exempts venture issuers from the requirements of Part 3, Composition of the Audit Committee and Part 5, Reporting Obligations of NI 52-110.

### **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

Set forth below is a summary of securities issued and issuable under all equity compensation plans of the Company as at December 31, 2022. See also "Summary of Plan".

## Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by securityholders (SVS)	112,941,692	\$0.45	41,850,917
Equity compensation plans approved by securityholders (PVS)	0	0	30,000,000
Total	112,941,692	\$0.45	N/A

### SUMMARY OF SECURITY BASED COMPENSATION PLANS

The Issuer has two security-based compensation plans, being (i) an omnibus incentive plan which provides for the grant of Subordinate Voting Share-based compensation awards (the "**Omnibus Incentive Plan**"); and (ii) a proportionate voting share incentive plan which provides for the grant of Proportionate Voting Share-based awards (the "**PVS Incentive Plan**" and together with the Omnibus Incentive Plan, the "**Plans**").

The Plans contain similar terms and conditions, with the primary exception being that the Omnibus Incentive Plan provides for awards involving Subordinate Voting Shares, while the PVS Incentive Plan provides for awards involving Proportionate Voting Shares. Up to 75,000,000 Subordinate Voting Shares may be issued under the Omnibus Incentive Plan. Up to 30,000,000 Proportionate Voting Shares may be issued under the PVS Incentive Plan. The following is a summary only and is qualified in its entirety to the full terms of the Plans.

The purpose of the Plans is to attract, retain and reward those designated individuals who are expected to contribute significantly to the success of the Issuer, to incentivize such individuals to perform at the highest level, to strengthen the mutuality of interests between such individuals and the Issuer's shareholders and, in general, to further the best interests of the Issuer and its shareholders. The Plans are intended to comply with Section 422 of the U.S. Internal Revenue Code of 1986 (the "Code") with respect to the U.S. employees participating in the Plans, if and when applicable.

The following is a summary of the material terms of the Plans:

(i) with respect to Options (as defined in the Plans):

(A) the purchase price per share purchasable under an Option shall be determined by a committee of the board of directors (the "Committee") and shall not, except in the case of certain exceptions as set out in the Plans, be less than 100% of the Fair Market Value (as defined in the

Plans) of the underlying share on the last trading day prior to the date of grant of such Option provided, however, that, in the case of the grant of an Option to a participant who, at the time such Option is granted, owns stock possessing more than 10% of the total combined voting power of all classes of shares of the Issuer or any parent or subsidiary thereof (a “More Than 10% Shareholder”), the purchase price per share purchasable under an Incentive Stock Option (as defined in the Plans) shall be not less than 110% of the Fair Market Value of the underlying share on the last trading date prior to the grant of such Option; and

(B) the term shall be fixed by the Committee at the date of grant but shall not be longer than ten years from the date of grant, or five years in the case of an Incentive Stock Option granted to a More than 10% Shareholder;

(ii) with respect to Stock Appreciation Rights (as defined in the Plans):

(A) Stock Appreciation Rights granted under the Plans may be granted either alone or in addition to other awards and may, but need not, relate to a specific Option grant;

(B) any tandem Stock Appreciation Rights related to an Option may be granted at the same time as such Option. In the case of any tandem Stock Appreciation Right related to any Option, the Stock Appreciation Right or applicable portion thereof shall not be exercisable until the related Option or applicable portion thereof is exercisable and shall terminate and no longer be exercisable upon the termination or exercise of the related Option, except that a Stock Appreciation Right granted with respect to less than the full number of underlying shares covered by a related Option shall not be reduced until the exercise or termination of the related Option exceeds the number of underlying shares not covered by the Stock Appreciation Right; and

(C) a freestanding Stock Appreciation Right shall not have a term of greater than 10 years or, unless it is a Substitute Award (as defined in the Plans), an exercise price less than 100% of Fair Market Value of the underlying shares on the last trading date prior to the date of grant;

(iii) shares of Restricted Stock and Restricted Stock Units (each as defined in the Plans) shall be subject to such restrictions as the Committee may impose;

(iv) the Committee, in its discretion, may award Deferred Stock Units and dividend equivalents with respect to awards of Deferred Stock Units; and

(v) with respect to Other-Stock Based Awards (as defined in the Plans), the Committee is authorized to grant such other awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, the underlying shares, as are deemed by the Committee to be consistent with the purpose of the applicable Plan and the Committee shall determine the terms and conditions of such awards.

## **STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

National Policy 58-201 of the Canadian Securities Administrators has set out a series of guidelines for effective corporate governance (the “Guidelines”). The Guidelines address matters such as the constitution

and independence of corporate boards, the functions to be performed by boards and their committees and the effectiveness and education of board members. NI 58-101 requires the disclosure by each listed corporation of its approach to corporate governance with reference to the Guidelines as it is recognized that the unique characteristics of individual corporations will result in varying degrees of compliance.

Set out below is a description of the Company's approach to corporate governance in relation to the Guidelines.

### **The Board of Directors**

NI 58-101 defines an "independent director" as a director who has no direct or indirect material relationship with the Company. A "material relationship" is in turn defined as a relationship which could, in the view of the board of directors, be reasonably expected to interfere with such member's independent judgement. The board of directors is currently comprised of four members, two of whom the board of directors has determined are "independent directors" within the meaning of NI 58-101.

As at July 12, 2022, Messrs. David Kivitz and Antony Radbod are not considered independent directors as they also serve as executive officers of the Company, while Messrs. Gary Herman, Andrew Mitchell and Stephen Christoffersen are considered independent directors since they are each independent of management and free from any material relationship with the Company. The basis for this determination is that, since January 1, 2015, none of the independent directors have worked for the Company, received material remuneration from the Corporation or had material contracts with or material interests in the Company which could interfere with their ability to act with a view to the best interests of the Company.

The board of directors believes that it functions independently of management. To enhance its ability to act independently of management, the board of directors may in the future meet in the absence of members of management or may excuse such persons from all or a portion of any meeting where a potential conflict of interest arises or where otherwise appropriate.

### **Directorships**

Mr. Stephen Christoffersen serves as a Director of Western Acquisition Ventures (nasdaq: WAV).

### **Orientation and Continuing Education**

While the Company currently has no formal orientation and education program for new board members, sufficient information (such as recent financial statements, prospectuses, proxy solicitation materials, technical reports and various other operating, property and budget reports) is provided to any new board member to ensure that new directors are familiarized with the Company's business and the procedures of the board. In addition, new directors are encouraged to visit and meet with management on a regular basis. The Company also encourages continuing education of its directors and officers where appropriate in order to ensure that they have the necessary skills and knowledge to meet their respective obligations to the Company.

### **Ethical Business**

Given the small size of the board and stage of development of the Company, the board of directors has determined that the fiduciary obligations placed on directors pursuant to applicable corporate laws are effective in ensuring ethical business conduct on the part of its directors. In addition, all employees and Board members have signed a Code of Conduct which can be found on the company website.

### **Nomination of Directors**

The board of directors performs the functions of a nominating committee with responsibility for the appointment and assessment of directors. The board of directors believes that this is a practical approach at this stage of the Company's development and given the relatively small size of the board.

While there are no specific criteria for board membership, the Company attempts to attract and maintain directors with business knowledge and a particular knowledge of leasing or other areas (such as finance) which provide knowledge which would assist in guiding the officers of the Company. As such, nominations tend to be the result of recruitment efforts by management of the Company and discussions among the directors prior to the consideration of the board of directors as a whole.

### **Compensation**

The board of directors has established a Compensation Committee which will review on an annual basis the adequacy and form of compensation of executive officers and directors to ensure that their compensation reflects the responsibilities, time commitment and risks involved in being an effective officer and/or director. Currently, the directors of the Company do not receive any cash fees in their capacities as directors. All directors are eligible to participate in the Plan. See "Compensation of Directors".

### **Other Board Committees**

Currently, the Company has an Audit Committee, Compensation Committee, Corporate Governance Committee and Investment Committee.

The purpose of the Corporate Governance Committee is to assist the Board in (i) establishing the Company's corporate governance policies and practices generally; (ii) reviewing the effectiveness of the Board and its committees; and (iii) promoting a culture of integrity throughout the Company. The Committee is also responsible for (i) monitoring the appropriateness of structures to ensure that the Board can function independently of the senior officers of the Company; (ii) providing an orientation and education program for new directors; and (iii) monitoring and, when appropriate, making recommendations to the Board concerning the corporate governance of the Company including assessing the Company's corporate governance policies and practices, evaluating the functioning of the Board, its committees and individual directors and approving the annual disclosure of the Company's corporate governance practices.

The purpose of the Investment Committee is to participate in the review, approval and supervision of the Company's CAPEX and Lease financings.

### **Assessments**

The board of directors assesses, on a periodic basis, the contributions of the board of directors as a whole and each of the individual directors, in order to determine whether each is functioning effectively.

## **INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON**

Except as otherwise disclosed in this Information Circular, none of the directors or executive officers of the Company, no nominee for election as a director of the Company ("**Nominee**"), none of the persons who have been directors or executive officers of the Company since the commencement of the Company's last completed financial year and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter of business to be acted upon at the Meeting, other than the approval of the Plan, the PVS Plan (as defined below) and the Conditional Options (as defined below), in connection with each of which the directors and executive officers of the Company may continue to hold awards and/or may be entitled to receive award grants in the future, all in accordance with the terms thereof. See "Particulars of Matters to be Acted Upon



– Approval of [Amended] Plan”, “Particulars of Matters to be Acted Upon – Conditional Options” and “Particulars of Matters to be Acted Upon – Approval of PVS Plan”.

### **CEASE TRADE ORDERS OR BANKRUPTCIES**

No director or officer of the Company:

1. is, as at the date hereof, or has been, within 10 years before the date hereof, a director or executive officer of any company that,
  - a. while that person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation (each, an “Order”), for a period of more than 30 consecutive days; or
  - b. was subject to an Order that was issued, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of such Order, that resulted from an event that occurred while that person was acting as director or executive officer of that company;
2. has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director;
3. is, as at the date hereof, or has been within 10 years before the date hereof, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
4. has been subject to:
  - a. any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or
  - b. any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS TO THE COMPANY**

No individual who is, or at any time during the most recently completed financial year of the Company was, a director, executive officer, employee or former director, executive officer or employee of the Company, a Nominee, or any of their associates, is indebted to the Company or any subsidiary of the Company as of July 12, 2022 or was so indebted at any time during the last completed fiscal year of the Company, nor have any such individuals been or are they currently indebted to another entity where such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement provided by the Company or any subsidiary of the Company.

## DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company maintains liability insurance for the directors and officers of the Company. The Company's policy of insurance is currently in effect until December 17, 2022. An annual premium of \$157,500 has been paid by the Company. No portion of the premium is directly paid by any of the directors or officers of the Company. The aggregate insurance coverage under the policy for both directors and officers is limited to \$1,000,000 with a \$500,000 deductible (which is paid by the Company). No claims have been made or paid to date under such policy.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No director, executive officer, shareholder beneficially owning or exercising control or direction over (directly or indirectly) more than 10% of the Shares, or Nominee, and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the beginning of the Company's last completed fiscal year or in any proposed transaction which, in either such case, has materially affected or will materially affect the Company.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### 1. Financial Statements

The shareholders will receive and consider the audited consolidated financial statements of the Company for the fiscal year ended December 31, 2022 together with the auditor's report thereon.

### 2. Election of Directors

Under the constating documents of the Company, the Board is to consist of a minimum of one and a maximum of five directors, to be elected annually. The Board currently consists of five directors. At the Meeting, shareholders will be asked to approve an ordinary resolution setting the number of directors at five individuals. Each director holds office until the next annual meeting or until his or her successor is duly elected or appointed unless his or her office is earlier vacated in accordance with the Company's articles. On any ballot that may be called for in the election of directors, the persons named in the enclosed form of proxy intend to cast the votes to which the Shares represented by such proxy are entitled for each of the proposed Nominees whose names are set forth below, unless the shareholder who has given such proxy has directed that the Shares be otherwise voted or withheld from voting in respect of the election of any such Nominees. Management does not contemplate that any of the Nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for other Nominees at their discretion.

The following table sets out the name of each of the Nominees, all positions and offices in the Company held by each of them, the principal occupation or employment of each of them for the past five years, the year in which each was first elected a director of the Company and the approximate number of Shares that each has advised are beneficially owned or subject to his or her control or direction (directly or indirectly):

Name and Province of Residence	Position	Principal Occupation	Director Since	Number of Shares Held or Controlled <sup>(1)</sup>
David Kivitz	Director, Chair	CEO, XS Financial	December 7, 2017	21,765,620 <sup>(3)</sup>

Antony Radbod	Director	COO, XS Financial	October 22, 2018	21,765,620 <sup>(3)</sup>
Stephen Christoffersen <sup>(2)</sup>	Director	Chief Financial Officer, KushCo Holdings	May 29 2019	32,000
Gary Herman <sup>(2)</sup>	Director	Fund Manager, Strategic Turnaround Equity Partners and affiliates	April 8, 2019	48,000
Andrew Mitchell <sup>(2)</sup>	Director	Research Analyst at Marblegate Asset Management	November 5, 2021	Nil

Notes:

- (1) The information as to Shares beneficially owned (directly or indirectly) or over which the Nominees exercise control or direction not being within the knowledge of the Company has been furnished by the respective Nominees individually.
- (2) Member of the Audit Committee of the Company.
- (3) An aggregate of 21,765,620 Shares are held by Archytas Ventures, LLC, which is in turn controlled by Messrs. Kivitz and Radbod.

**The management representatives named in the attached form of proxy intend to vote the Shares represented by such proxy in favour of the election of the Nominees set forth in this Information Circular unless a shareholder specifies in the proxy that his or her Shares are to be withheld from voting in respect of such resolution.**

### 3. Appointment of Auditors

The directors propose to nominate Urish Popeck & Co., the present auditors, as the auditors of the Company to hold office until the close of the next annual meeting of shareholders. Urish Popeck & Co. were first appointed as auditors of the Company effective October 6, 2023.

In the past, the directors have negotiated with the auditors of the Company on an arm's length basis in determining the fees to be paid to the auditors. Such fees have been based on the complexity of the matters in question and the time incurred by the auditors. The directors believe that the fees negotiated in the past with the auditors of the Company were reasonable and in the circumstances would be comparable to fees charged by other auditors providing similar services.

In order to appoint Urish Popeck & Co. as auditors of the Company to hold office until the close of the next annual meeting, and authorize the directors to fix the remuneration thereof, a majority of the votes cast at the Meeting must be voted in favour thereof.

Attached hereto as Schedule "B" are the change of auditor notice prepared by the Company and the acknowledgement letters of each of Urish Popeck & Co. and Macias Gini & O'Connell LLP, Chartered Professional Accountants, in connection with the change of the auditors of the Company effected as of October 6, 2023.

**The management representatives named in the attached form of proxy intend to vote in favour of the appointment of Urish Popeck & Co. as auditors of the Company and in favour of authorizing the directors to fix the remuneration of the auditors, unless a shareholder specifies in the proxy that his or her Shares are to be withheld from voting in respect of the appointment of auditors and the fixing of their remuneration.**

## **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Company's financial statements and management discussion and analysis for the year ended December 31, 2022. Shareholders may contact the Company at its principal office address at 1901 Avenue of the Stars, Suite 120, Los Angeles, California 90067, to request copies of the Company's financial statements and management discussion and analysis.

## **APPROVAL**

**The contents and the sending of this Information Circular have been approved by the directors of the Company.**

**DATED:** October 16, 2023.

*(Signed) David Kivitz*

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David Kivitz  
Chief Executive Officer

## **SCHEDULE A**

### **XS Financial Inc.**

#### **AUDIT COMMITTEE CHARTER**

***Dated: March 2023***

#### **PURPOSE OF THE COMMITTEE**

The purpose of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of the Company is to provide an open avenue of communication between management, the Company’s independent auditor and the Board and to assist the Board in its oversight of:

- the integrity, adequacy and timeliness of the Company’s financial reporting and disclosure practices;
- the Company’s compliance with legal and regulatory requirements related to financial reporting; and
- the independence and performance of the Company’s independent auditor.

The Committee shall also perform any other activities consistent with this Charter, the Company’s articles and governing laws as the Committee or Board deems necessary or appropriate.

The Committee shall consist of at least three directors. Members of the Committee shall be appointed by the Board and may be removed by the Board in its discretion. The members of the Committee shall elect a Chairman from among their number. A majority of the members of the Committee must not be officers or employees of the Company or of an affiliate of the Company.

Committee is a majority of the members who are not officers or employees of the Company or of an affiliate of the Company. With the exception of the foregoing quorum requirement, the Committee may determine its own procedures.

The Committee’s role is one of oversight. Management is responsible for preparing the Company’s financial statements and other financial information and for the fair presentation of the information set forth in the financial statements in accordance with generally accepted accounting principles (“GAAP”). Management is also responsible for establishing internal controls and procedures and for maintaining the appropriate accounting and financial reporting principles and policies designed to assure compliance with accounting standards and all applicable laws and regulations.

The independent auditor’s responsibility is to audit the Company’s financial statements and provide its opinion, based on its audit conducted in accordance with generally accepted auditing standards, that the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Company.

The Committee is responsible for recommending to the Board the independent auditor to be nominated for the purpose of auditing the Company’s financial statements, preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company, and for reviewing and recommending the compensation of the independent auditor. The Committee is also directly responsible for the evaluation

of and oversight of the work of the independent auditor. The independent auditor shall report directly to the Committee.

## **AUTHORITY AND RESPONSIBILITIES**

In addition to the foregoing, in performing its oversight responsibilities the Committee shall:

1. Monitor the adequacy of this Charter and recommend any proposed changes to the Board.
2. Review the appointments of the Company's Chief Financial Officer and any other key financial executives involved in the financial reporting process.
3. Review with management and the independent auditor the adequacy and effectiveness of the Company's accounting and financial controls and the adequacy and timeliness of its financial reporting processes.
4. Review with management and the independent auditor the annual financial statements and related documents and review with management the unaudited quarterly financial statements and related documents, prior to filing or distribution, including matters required to be reviewed under applicable legal or regulatory requirements.
5. Where appropriate and prior to release, review with management any news releases that disclose annual or interim financial results or contain other significant financial information that has not previously been released to the public.
6. Review the Company's financial reporting and accounting standards and principles and significant changes in such standards or principles or in their application, including key accounting decisions affecting the financial statements, alternatives thereto and the rationale for decisions made.
7. Review the quality and appropriateness of the accounting policies and the clarity of financial information and disclosure practices adopted by the Company, including consideration of the independent auditor's judgment about the quality and appropriateness of the Company's accounting policies. This review may include discussions with the independent auditor without the presence of management.
8. Review with management and the independent auditor significant related party transactions and potential conflicts of interest.
9. Pre-approve all non-audit services to be provided to the Company by the independent auditor.
10. Monitor the independence of the independent auditor by reviewing all relationships between the independent auditor and the Company and all non-audit work performed for the Company by the independent auditor.
11. Establish and review the Company's procedures for the:
  - receipt, retention and treatment of complaints regarding accounting, financial disclosure, internal controls or auditing matters; and
  - confidential, anonymous submission by employees regarding questionable accounting, auditing and financial reporting and disclosure matters.

12. Conduct or authorize investigations into any matters that the Committee believes is within the scope of its responsibilities. The Committee has the authority to retain independent counsel, accountants or other advisors to assist it, as it considers necessary, to carry out its duties, and to set and pay the compensation of such advisors at the expense of the Company.
13. Perform such other functions and exercise such other powers as are prescribed from time to time for the audit committee of a reporting company in Parts 2 and 4 of Multilateral Instrument 52-110 of the Canadian Securities Administrators and the articles of the Company.

**SCHEDULE B**

**CHANGE OF AUDITOR PACKAGE**



**XS FINANCIAL INC.**

**NOTICE OF CHANGE OF AUDITOR**

TO: McGovern Hurley LLP

AND TO: Macias Gini & O'Connell LLP

Dated: October 6, 2021

NOTICE IS HEREBY GIVEN that, on the advice of the Audit Committee of XS Financial Inc. (the "Corporation"), the Board of Directors of the Corporation resolved as of October 1, 2021, that: (a) the resignation of McGovern Hurley LLP, with effect from October 1, 2021, as auditor of the Corporation be accepted, and (b) Macias Gini & O'Connell LLP be appointed as auditor of the Corporation effective as of October 1, 2021, to hold office until the next annual meeting at a remuneration to be fixed by the directors.

In accordance with National Instrument 51-102 ("**NI 51-102**") we confirm that:

- (a) McGovern Hurley LLP, resigned as auditor of the Corporation at the request of the Board of Directors of the Corporation;
- (b) McGovern Hurley LLP, has not expressed a modified opinion in its reports for the two most recently completed fiscal years of the Corporation. McGovern Hurley LLP did not audit any financial statements of the Corporation subsequent to the December 31, 2020 fiscal year of the Corporation;
- (c) the resignation of McGovern Hurley LLP, and appointment of Macias Gini & O'Connell LLP as auditor of the Corporation were considered by the Audit Committee and approved by the Board of Directors of the Corporation; and
- (d) in the opinion of the Board of Directors of the Corporation, no "reportable event" as defined in NI 51-102 has occurred in connection with the audits of the two most recently completed fiscal years of the Corporation, nor any period from the most recently completed period for which McGovern Hurley LLP, issued an audit report in respect of the Corporation and the date of this Notice.

XS FINANCIAL INC.

per: "David Kivitz"

David Kivitz - Chief Executive Officer

October 16, 2023

Alberta Securities Commission  
British Columbia Securities Commission  
Ontario Securities Commission


**Re: XS Financial Inc. (the "Company")**  
**Notice pursuant to National Instrument No. 51-201 Change of Auditor**

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We have read the Notice of Change of Auditor of XS Financial Inc. dated October 16, 2023.

In accordance with National Instrument No. 51-102 Continuous Disclosure Obligations of the Canadian Securities Administrators, we confirm that we are in agreement with the information contained in the Notice based upon our knowledge of that information at that time.

Yours truly,



Urish Popeck & Co., LLC  
Pittsburgh, Pennsylvania

October 6, 2023

British Columbia Securities Commission  
Alberta Securities Commission  
Ontario Securities Commission

**Re: XS Financial Inc. (the "Company")**

**Notice Pursuant to NI 51-102 of Change of Auditor**

Dear Sirs / Mesdames:

As required by National Instrument 51-102, we have read the Company's Change of Auditor Notice (the "Notice") dated October 6, 2023, and agree with information regarding Macias Gini & O'Connell **LLP** ("MGO") contained therein, based upon our knowledge of the information contained in the Notice at this date. We have no basis to agree or disagree with information not related to MGO.

Very truly yours,

*Macias Gini & O'Connell LLP*

Cc: The Board of Directors, XS Financial Inc.

